

MAR 13 2015

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## SENATE RESOLUTION

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REQUESTING THE AUDITOR TO CONDUCT A FINANCIAL AUDIT OF THE  
DEPARTMENT OF TAXATION TO ADDRESS ISSUES ASSOCIATED WITH  
THE COLLECTION AND PAYMENT OF THE COUNTY SURCHARGE ON STATE  
TAX TO THE CITY AND COUNTY OF HONOLULU.

1 WHEREAS, the county surcharge on state tax is one-half of  
2 one percent and was imposed to help pay for the Honolulu rail  
3 transit project of the Honolulu Authority for Rapid  
4 Transportation (HART); and

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6 WHEREAS, the county surcharge on state tax is the primary  
7 funding source for HART's rail transit project; and

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9 WHEREAS, the Department of Taxation submits the applicable  
10 portion of the county surcharge on state tax to the City and  
11 County of Honolulu, which is then submitted to HART; and

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13 WHEREAS, despite an increase in the State's general excise  
14 tax revenue collections, HART only received \$68,178,842 in  
15 county surcharge payments in the first two quarters of fiscal  
16 year 2013, rather than the expected \$100,231,516; and

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18 WHEREAS, HART's rail transit project is reported to be in  
19 serious financial jeopardy, which threatens the likelihood of  
20 completion of the rail transit project by 2022; and

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22 WHEREAS, it is critical that HART understands how the  
23 county surcharge on state tax is assessed, collected, and  
24 transferred to provide HART with the ability to more accurately  
25 estimate future revenue and receipts to base and monitor its  
26 financial plan; now, therefore,

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28 BE IT RESOLVED by the Senate of the Twenty-eighth  
29 Legislature of the State of Hawaii, Regular Session of 2015,  
30 that the Auditor is requested to conduct a financial audit of  
31 the Department of Taxation to address issues associated with the  
32 collection and payment of the county surcharge on state tax to  
33 the City and County of Honolulu; and  
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1 BE IT FURTHER RESOLVED that the audit review each fiscal  
 2 year since the implementation of the county surcharge on state  
 3 tax; include the total revenue collected, any adjustments, and  
 4 total tax liability per month; examine the timeliness of county  
 5 surcharge on state tax collections and payments; and identify  
 6 opportunities for change that would address any weaknesses in  
 7 the current process; and

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 9 BE IT FURTHER RESOLVED that the Auditor report the  
 10 Auditor's findings and recommendations, including any proposed  
 11 legislation, to the Legislature no later than twenty days prior  
 12 to the convening of the Regular Session of 2016; and

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 14 BE IT FURTHER RESOLVED that certified copies of this  
 15 Resolution be transmitted to the Auditor, Director of Taxation,  
 16 Mayor of the City and County of Honolulu, and Board of Directors  
 17 of the Honolulu Authority for Rapid Transportation.  
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OFFERED BY:

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